

CONDITIONAL COMMITMENT
(Multifamily Housing)

TO: Lender	Case No.
Lender's Address	State
Borrower	Principal Amount of Loan

From an examination of information supplied by the Lender and other relevant information, it appears that the transaction can properly be completed.

Therefore, the United States of America acting through the United States Department of Agriculture ("Government") hereby agrees that, in accordance with applicable provisions of the regulations, it will execute Form RD 3565-4, "Loan Note Guarantee," subject to the conditions and requirements specified in the regulations and herein.

The Loan Note Guarantee fee payable by the Lender to the Government will be the amount as specified in the regulations on the date of this Conditional Commitment (Agreement). The interest rate for the loan is _____ % 1/.

A Loan Note Guarantee will not be issued until the Lender certifies that there has been no adverse change in the Borrower's financial or other condition, during the period of time from the Government's issuance of this Agreement to issuance of the Loan Note Guarantee regardless of the cause of the change or whether it was within the Lender's or Borrower's control. The Lender certifies that the Borrower has attained the minimum tenant occupancy requirements as contained in this Agreement. If tax credits are being used in conjunction with the guaranteed loan, the Lender certifies that the Borrower is in compliance with the tax credit agreement. The Lender's certification must address all adverse changes and be supported by financial statements of the Borrower and its guarantors executed not more than 60 days before the time of certification. As used in this paragraph only, the term "Borrower" includes any parent, affiliate, or subsidiary of the Borrower.

For guarantees of combination construction permanent loans, Lenders must ensure that all construction requirements as described in the regulations have been met. The Lender must also secure acceptable credit enhancement, as set forth herein and will be responsible for their timely renewal and recording. The Agency will guarantee construction advances of up to 90 percent of the work-in-place, or up to 90 percent of the amount advanced, whichever is less. The Lender will provide the Finance Office with status reports as the loan is advanced.

The Loan Note Guarantee will not convert to a permanent guarantee until the pro-forma underwriting and rent-up assumptions listed in this Agreement have been met for a period of 90 consecutive days, or an escrow has been established in an amount that will equal pro-forma rental income when combined with actual receipts from Project operations. Rental income may not be achieved through use of short-term leases or any type of rental concessions.

A recordable Regulatory Agreement as provided in 7 C.F.R. part 3565, subpart J, must be executed at the time of closing. As a condition of the guarantee, the Lender must certify annually to the Rural Housing Service or its successor agency (Agency) that the Borrower is in compliance with the Regulatory Agreement and program requirements with respect to all aspects of project management. The Lender certifies it has approved the Borrower's management plan and assures that the Borrower is in compliance with Agency standards regarding property management, including the requirements contained in 7 C.F.R. part 3565, subparts E and F.

In the event of the Government's failure to issue a guarantee and it is found to be in breach, the Lender's remedy is limited to a suit for the guaranteed portion of principal and interest which ultimately remains unpaid.

This Agreement becomes null and void unless the conditions are accepted by the Lender and Borrower within 60 days from the date of issuance by the Government.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0174. The time required to complete this information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Except as set out below, the purposes for which the loan funds will be used and the amounts to be used for such purposes are contained in the Application for Loan and Guarantee. Once this Agreement is executed and returned to the Government, no major change of conditions or approved loan purpose as listed on the application forms will be considered. Additional conditions and requirements including source and use of funds: 2/

If the conditions set forth in this Agreement are not met within _____ days from the date signed by the Government, the Government may discontinue processing the application and terminate its commitment. If the Government decides to terminate this commitment, it will provide the Lender a written notice at least 14 days prior to termination. 3/

UNITED STATES OF AMERICA

By: _____

Date: _____ (Title)

ACCEPTANCE OF CONDITIONS

To: USDA 4/

The conditions of this Conditional Commitment, including attachments, are acceptable and the undersigned intends to proceed with the loan transaction and request issuance of a Loan Note Guarantee within _____ days.

(Name of Lender)

Date: _____

By: _____
(Signature for Lender)

Date: _____

(Signature for Borrower)

1/ Insert fixed interest rate or appropriate interest credit rate, if applicable.

2/ Insert any additional conditions or requirements in this space or on an attachment referred to in this space; otherwise, insert "NONE".

3/ USDA will determine and insert the date by which conditions should be met.

4/ Return completed and signed copy of this form to USDA issuing office.